

State of Utah
Administrative Rule Analysis
Revised November 2021

NOTICE OF PROPOSED RULE		
TYPE OF RULE: New ____; Amendment <u>X</u> ____; Repeal ____; Repeal and Reenact ____		
Title No. - Rule No. - Section No.		
Utah Admin. Code Ref (R no.):	R307-511	Filing ID (Office Use Only)
Changed to Admin. Code Ref. (R no.):	R	

Agency Information

1. Department:	Department of Environmental Quality	
Agency:	Division of Air Quality	
Room no.:		
Building:	MASOB	
Street address:	195 North 1950 West	
City, state and zip:	Salt Lake City, Utah 84116	
Mailing address:	P.O. Box 144820	
City, state and zip:	Salt Lake City, Utah 84114-4820	
Contact person(s):		
Name:	Phone:	Email:
Bo Wood	385-499-3416	rwood@utah.gov
Sheila Vance	801-518-3132	svance@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information

2. Rule or section catchline:
R307-511. Oil and Gas Industry: Associated Gas Flaring
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):
These amendments are necessary to align current oil and gas rules with new data from studies and compliance inspections. These changes reflect more accurate emission calculations that indicate a previous underestimation of VOC emissions from tanks and other components. The proposed changes will ensure the protection of air quality standards and improve compliance with required emission controls.
4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):
This rule removes an applicability exemption previously granted to producing wells with an approval order issued under R307-401.

Fiscal Information

5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:
A) State budget:
The fiscal impact from these amendments on the state budget for FY22, FY23, and FY24 is estimated to be between a benefit of \$9,400 and a cost of \$21,620. There are 94 facilities that have an exemption through their approval order and it's their choice to either keep the approval order or switch to permit-by-rule. Cancelling an existing approval order requires producers to enroll in the permit-by-rule system. The one-time fee to cancel an approval order ranges from \$220 to \$550. This could increase state revenue by between \$20,680 and \$51,700, but is offset by the elimination of the \$150 approval order annual fee per facility - \$14,400 total. The number of facilities that will choose to move to the permit-by-rule system is unknown, but the incentive structure makes switching cost effective in less than 4 years. The exact cost for each facility to switch is also unknown, but DAQ anticipates that the fiscal impact on the state budget will fall within the range outlined above.
B) Local governments:
This rule change is not expected to have any fiscal impact on local governments because the rule does not apply to them.
C) Small businesses ("small business" means a business employing 1-49 persons):
This rule change is not expected to have a fiscal impact on small businesses because it clarifies the conditions and requirements for flaring gases captured as part of the emissions controls already required by R307-506.
D) Non-small businesses ("non-small business" means a business employing 50 or more persons):
This rule change is not expected to have a fiscal impact on non-small businesses because it clarifies the conditions and requirements for flaring gases captured as part of the emissions controls already required by R307-506.
E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency):

This rule change is not expected to have any fiscal impact on persons other than small businesses, non-small businesses, state, or local government entities because it applies only to businesses in the oil and gas industry.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

This rule change will not have a compliance cost for affected persons.

G) Comments by the department head on the fiscal impact this rule may have on businesses (Include the name and title of the department head):

After a thorough analysis and engagement with impacted parties, the Division of Air Quality has determined that the proposed amendments to R307-511 will not result in a fiscal impact on businesses because the amendments clarify the conditions and the requirements for flaring gases captured as part of the emissions controls already required by rule.

Kimberly D. Shelley, Executive Director of the Utah Department of Environmental Quality

6. A) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table			
Fiscal Cost	FY2022	FY2023	FY2024
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits			
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

B) Department head approval of regulatory impact analysis:

The Executive Director of the Department of Environmental Quality, Kim Shelley, has reviewed and approved this fiscal analysis.

Citation Information

7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

19-2-104		

Incorporations by Reference Information

(If this rule incorporates more than two items by reference, please include additional tables.)

8. A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	First Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	Second Incorporation
Official Title of Materials Incorporated (from title page)	

Publisher	
Date Issued	
Issue, or version	

Public Notice Information

9. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)		
A) Comments will be accepted until (mm/dd/yyyy):		5/31/2022
B) A public hearing (optional) will be held:		
On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):
May 24, 2022	1:00PM	https://meet.google.com/ozt-sym-rum?hs=122&authuser=0

10. This rule change MAY become effective on (mm/dd/yyyy):	07/07/2022
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10.	

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the <i>Utah State Bulletin</i> and delaying the first possible effective date.		
Agency head or designee, and title:	Bryce C. Bird, Director	Date (mm/dd/yyyy): 04/06/2022

R307. Environmental Quality, Air Quality.

R307-511. Oil and Gas Industry: Associated Gas Flaring.

R307-511-1. Purpose.

Rule R307-511 establishes control requirements for the flaring of produced gas associated with well sites.

R307-511-2. Definitions.

"Emergency release" means a temporary, infrequent and unavoidable situation in which the loss of gas is uncontrollable or necessary to avoid risk of an immediate and substantial adverse impact on safety, public health, or the environment. An "emergency" is limited to a short-term situation of 24 hours or less caused by an unanticipated event or failure that is out of the operator's control and is not due to operator negligence.

"Flaring" means use of a thermal oxidation system designed to combust hydrocarbons in the presence of a flame.

"Associated Gas" means the natural gas that is produced from an oil well during production operations and is either sold, re-injected, used for production purposes, ~~vented (rarely)~~ or flared. Low pressure gas associated with the working, breathing, and flashing of oil is not considered associated gas under this definition and shall be controlled in accordance with Rules R307-506 and R307-507.

R307-511-3. Applicability.

(1) Rule R307-511 applies to each producing well located at a well site as defined in 40 CFR 60.5430a Subpart OOOOa Standards of Performance for Crude Oil and Natural Gas Production, Transmission and Distribution.

(2) VOC control devices used for controlling associated gas are subject to Rule R307-508.

~~[(3) R307-511 does not apply to producing wells that are subject to an approval order issued under R307-401-8.]~~

R307-511-4. Associated Gas Flaring Requirements.

(1) Associated gas from a completed well shall either be routed to a process unit for combustion, routed to a sales pipeline, or routed to an operating VOC control device except for emergency release situations as defined in Section R307-511-2.

R307-511-5. Recordkeeping.

(1) The owner or operator shall maintain records for emergency releases under Subsection R307-511-4(1)(a).

(a) The time and date of event, volume of emissions and any corrective action taken shall be recorded.

(b) These records shall be kept for a minimum of three years.

KEY: air quality, nonattainment, offset

Date of Last Change: ~~2022~~[March 5, 2019]

Authorizing, and Implemented or Interpreted Law: 19-2-104; 19-2-108

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